GOVERNMENT OF INDIA
FINANCE
LOK SABHA

STARRED QUESTION NO:111
ANSWERED ON:24.02.2006
DIRECT TAX RECOVERY
Singh Shri Prabhunath

Will the Minister of FINANCE be pleased to state:

(a) whether Government has failed to recover direct tax demands of over Rs. 88,000 crore during 2003-04;

(b) if so , the reasons therefor and the steps taken to recover the outstanding direct taxes; and

(c) the details of defaulters against whom dues worth more than Rs. 10 crore and above are pending recovery?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI P. CHIDAMBARAM)

(a) to (c) : A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) , (b), AND (c) of LOK SABHA STARRED QUESTION NO. 111 DUE FOR ANSWER ON 24.02.2006.

(a)& (b) Recovery from arrear of direct taxes is an continuous process in which old demands are liquidated (by way of collection or reduction) and new demands are added on a continuous basis. The amount of arrears outstanding at the end of 2003-04 amounting to Rs.87,885 crore cannot be recovered in one go as part of the arrears are contested in appeal before the Courts and other appellate authorities. Moreover, a part of the outstanding demand is also difficult to recover for various reasons including non-traceability of the taxpayer, inadequacy of assets, liquidation of company, stay granted by Courts, etc.

Apart from the statutory steps being taken for recovery of outstanding tax dues as prescribed under the Income Tax Act (including attachment of bank account, debtors, etc, attachment and sale of immovable property, etc) the following special measures are also being taken to expedite recovery of direct tax arrears:

i. Monitoring of recovery of arrears in large cases by a Task Force.

ii. Identification of cases involving substantial amount of arrears pending before Commissioners (Appeals) and ITAT and requesting these authorities to dispose of such appeals early so that the demand can be collected during current financial year itself.

iii.Requesting the President of ITAT not to allow stay of demand beyond 180 days as prescribed in section 254 (2A) of the Income Tax Act.

iv. Requesting Settlement Commission to dispose off high-demand cases expeditiously.

An amount of Rs. 7,083 crore was collected from arrears in 2004-05 and Rs.5,044 crore has been collected in the current year till 31st December 2005.

(c) As on 31st December 2005, there were 852 cases in which tax dues of more than Rs.10 crore each, aggregating to Rs.71,116 crore, were outstanding. The aggregate tax dues in such cases also include an amount of Rs. 47,740 crore which is contested at various stages of litigation. An amount of Rs.67,026 crore in these cases is difficult to recover for various reasons, including an amount of Rs.23,877 crore outstanding in scam cases notified under section 3 of Special Court (Torts) Act, 1992 where all the assets are in the custody of the Special Court.